

**April 8, 2005**  
**California Action Plan for Disaster Recovery**  
**Needs Resulting from the Wildfires, Earthquake, and Flooding**

Three disasters were declared during 2003/2004 in the State of California by the Federal Emergency Management Agency (FEMA). The first disaster, FEMA-1498-DR, was declared on October 27, 2003 based on the wild fires which burned large areas of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura Counties. The second disaster, FEMA-1505-DR, declared January 4, 2004, was the result of an earthquake in San Luis Obispo County. The third disaster, FEMA-1529-DR, was declared on June 30, 2004 because of flooding in the County of San Joaquin after a levee break.

**1. State Recovery Needs Resulting From Three Disasters:**

**a. Fires:**

In October of 2003, Southern California Experienced the most devastating wild land/ urban interface fire disaster in California's history. Because of extreme winds, high temperatures, and dry fuels, numerous major fires sprang up in eight areas over four counties (San Diego, Ventura, Riverside, San Bernardino, and Los Angeles). Over 739,597 total acres were burned; 3,631 homes; 36 commercial properties; 1,169 outbuildings destroyed; 246 people were injured and 24 lives were lost including one firefighter. Damage estimates for the disaster are in excess of \$282,918,746.

Damage estimates show a high need for private property assistance funds. Much of the public assistance received to date has not paid for clearing of fire debris from private property where a great deal of fire debris remains. Rains after the fires have brought landslides and mud slides because the vegetation is not in place to hold the soils in place. Individual assistance to 12,577 households provided housing assistance and medical and household items as well as fund to clear their properties of debris. In addition, 1,691 business owners were provided financial assistance to help them reestablish or maintain their business.

**b. Earthquake:**

On December 22, 2003 an earthquake took place in San Luis Obispo County. Damage assessments have documented that local historic buildings in Atascadero and Paso Robles in San Luis Obispo County and Cities of Guadalupe and Santa Maria in Santa Barbara County sustained the largest impact. Further, 104 commercial buildings sustained damage and over 230 homes require structural repairs and there was a large loss of personal property inside the structures. The impact on local businesses was evident when, one week after the earthquake, over 200 unemployment claims were filed as a direct result of the disaster.

The Federal Emergency Management Agency (FEMA) dedicated funds for assistance to individual owners in San Luis Obispo County and to date over six million dollars has been provided assisting over 3,000 households to rebuild and reestablish their households. Unfortunately this type of assistance was not provided to households in Santa Barbara County and cities within it. For example, the City of Guadalupe had 48 homes damaged and over 30 local businesses. DRI funding will be made available to Santa Barbara County and effected jurisdictions to assist in making local households safe.

By far the largest need for assistance after the earthquake was for business assistance. Businesses in San Luis Obispo were provided with Small Business Assistance loan programs to assist businesses in reestablishing themselves. Three million dollars worth of financial assistance was provided to local businesses for a total of 691 loans. It is estimated that an additional ten million in financing needs to be provided to assist local merchants in reestablishing their businesses. A number of public facilities were also damaged by the earthquake, such as a fire station in Morro Bay which can not be used at this time and thus reduces the fire protection available for the community.

c. Flooding:

In June 2004 a breach of a levee section on the Middle River of Upper Jones tract caused approximately 36 square miles of land to be flooded. The breach was thought to be caused by a combination of gopher holes tying in with a beaver den. Within a few hours the breach had opened to some 400 foot across. The flood waters drained through an opening between Upper Jones and Lower Jones Tracts at a trestle owned by the Union Pacific Railroad.

The estimated cost to public infrastructure is \$41.1 million. This consists of damage to Reclamation District's levees, drainage system, roads and district pumping facility. Bacon Island road had to be closed for several weeks due to the flooding and State Highway 4 was threatened with closure. Caltrans had to add material to raise the Trapper Slough Levee as the water was threatening Highway 4. East Bay Municipal Utility District aqueduct system sustained damage and adjacent reclamation districts also incurred costs for fighting flood the water seeping through their levees and threatened to flood those Islands as well. In addition to the public assistance provided by local agencies, private assistance was provided to the 50 farm worker families that had their homes destroyed in the flooding. The American Red Cross spent \$61,000 to assist displaced families. The local community action agency provided \$57,000 in rental assistance to displaced farm workers. Twenty five farms sustained equipment and property damage from the flooding.

The Reclamation District took on the job of capping off the ends of the breach. After that Department of Water Resources (DWR) took on the task of contracting the closure of the breach. This was accomplished in early July at a cost of approximately \$10.5 million. The final work on the breach closure will be completed by the end of June 2005. This includes capping off the water side of the breach and grading and laying the interior of the levee to a flatter slope. Department of Water Resources (DWR) also let the contract to pump out the interior of both Upper and Lower Jones Tracts at a cost of \$4.8 million.

## **2. California's Plan for Recovery For Each of the Three Disasters**

a. Fires:

California Office of Emergency Services continues to work with agencies in counties which were affected by the fires to provide resources necessary to restore damaged communities and prevent future disasters. The State commissioned a Blue Ribbon Fire Commission Report to the Governor which identified the key factors in development of the disaster, ways in which responsible agencies involved in the disaster could work together more effectively, and how future fire disasters can be avoided. One of the key components of the fire disaster was the amount of vegetation which provided fuel for the fire. The State will continue to allocate resources is providing financial resources to public agencies to assist them in removing debris

and remaining fuel sources from public and private property. The State is also funding a number of public assistance projects which will repair and install infrastructure needed so that homes can be rebuilt and businesses and service agencies can be reestablished.

b. Earthquake:

The State will facilitate repairs for local businesses, private homeowners, and local public agencies affected by the earthquake. The repairs will restore the affected structures such that they can reoccupy and used to their full capacity. There are still a large number of businesses which need assistance to reestablish them selves. In addition, there are a number of public facilities which cannot be used because the buildings are not structurally sound. Lastly, the communities of Guadalupe and Santa Maria were not eligible of private or business assistance under the disaster declaration and there are a large number of home and businesses which need assistance in making the proper repairs to their properties. By assisting individuals and businesses and local public agencies make the proper structural repairs, the disaster will be mitigated and future events of this type will have less impact.

c. Flooding:

At this time the State has coordinated the financing for the levy repairs and those repairs will be completed this summer. The State plans to continue to work with the local reclamation districts to ensure that other parts of the levy system are maintained and strengthened to prevent future disasters and to ensure the remaining water is pumped out of the flooded area. The Soils Conservation Department will be assisting farmers with putting the flooded farmland back into production. The Federal Disaster Declaration did not include private assistance so there were no funds available to replace housing units or farm buildings lost to the flooding. The State will work with county officials to provide assistance in replacing farm worker homes lost due to the flooding. Assistance can also be provided to farmers who lost buildings and equipment as part of the disaster.

**3. Expected Federal Funds, as well as other Public and Private Resources and Relationship to HUD Disaster Recovery Grants**

a. Fires:

A major portion of disaster assistance to date has been received through the FEMA-California Office of Emergency Services (OES) Public Assistance (infrastructure) program. To date \$138 million has been obligated. Most of the funds have been spent on emergency protective measures, debris removal, road, bridge and water control facilities. FEMA has provided 75 percent of the funding with the State agencies contributing the remaining 25 percent. FEMA's Disaster Housing Assistance program has paid out more than \$9 million to households to cover the costs of replacement housing, emergency repairs and mortgage and rental assistance.

The State of California has provided assistance to more than 290 families through the State Supplemental Grant Program. This program is a stopgap program to meet unmet disaster-related needs that cannot be covered by insurance or other state or federal programs. The United States Small Business Administration (SBA) has paid out more than \$20 million in low-interest loans to cover disaster-related expenses to more than 1,691 homeowners, renters, businesses and non-profit organizations. The California Disaster Assistance Act (CDAA) program has allocated \$6,314,107 in public assistance funds to counties affected by the Fires.

Other funding agencies included the State Department of Community Services who provided food, clothing, and rental assistance under their Community Service Block Grant Discretionary funds.

b. Earthquake:

A major portion of disaster assistance to date has been received through the FEMA-California Office of Emergency Services (OES) Public Assistance (infrastructure) program. To date \$68 million has been obligated. Most of the funds have been spent on emergency protective measures, public buildings and equipment, public utilities, protective measures, roads and bridges. FEMA has provided 75 percent of the funding with State agencies contributing the remaining 25 percent.

FEMA's Disaster Housing Assistance program has paid out more than \$6 million to 608 households in San Luis Obispo to cover the costs of replacement housing, emergency repairs and mortgage and rental assistance. The United States Small Business Administration (SBA) has paid out more than \$3.6 million in low-interest loans to cover disaster-related expenses to more than 83 homeowners, renters, businesses and non-profit organizations. These two programs were not available in Santa Barbara County where several small communities were impacted.

The State of California Office of Emergency Services (OES) administers the California Disaster Assistance Act (CDAA) program and has allocated \$700,000 in public assistance funds to San Luis Obispo for repairs needed because of the earthquake.

Other funding agencies included the State Department of Community Services who provided food, clothing, and rental assistance under their Community Service Block Grant Discretionary funds.

c. Flooding:

A major portion of disaster assistance to date has been received through the FEMA-California Office of Emergency Services (OES) Public Assistance (infrastructure) program. To date \$40 million has been obligated. Most of the funds have been spent on emergency protective measures, public buildings and equipment, public utilities, protective measures, roads and bridges. FEMA has provided 75 percent of the funding with State agencies contributing the remaining 25 percent. State Department of Water Resources has paid out over \$15 million in pumping costs. The California Soils Conservation Department will be providing \$3 million to assist local farmers in putting the flooded farm land back into production.

Other funding agencies included the State Department of Community Services who provided food, clothing, and rental assistance under their Community Service Block Grant Discretionary funds... The American Red Cross spent \$61,000 to assist displaced families. The local community action agency provided \$57,000 in rental assistance to displaced farm workers. Twenty five farms sustained equipment and property damage from the flooding. USDA loans are available to assist farmers with the \$14.5 million in crop loss production.

**4. The State's Method of Citizen Participation and Action Plan Amendment**

The State will make this Action Plan available to the public via posting on our web site for ten days. In addition, the State will mail a hard copy of the Action Plan to all eligible parties in each declared disaster area, including Native American Tribes. Our interested parties list will be developed by: 1) using existing State CDBG contacts; 2) entitlement contacts from U.S. Department of Housing and Urban Development (HUD); 3) contacts from the State Office of Emergency Services (OES) for agencies involved in the disasters; 4) contacts from the State Department of Community Services and Development (CSD). Any written or verbal comments on the plan will be responded to in writing. The Action Plan may be modified based on comments received.

This Action Plan may be further modified if a substantial amendment is required as part of distributing and expending the funds. Substantial amendments will be defined as modifications to the NOFA distribution amounts for the different disasters or changes in maximum award amounts or movement of funds between NOFAs due to lack of funding requests or inability of grantees to expend awarded funds on an eligible project. If the Action Plan is modified then the State will do the same outreach and citizen participation process as stated above.

## **5. The State's Method of Distribution**

The State Department of Housing and Community Development (HCD) will receive and administer \$10,547,928 in Disaster Recovery Initiative (DRI) grant dollars as described herein. Funds will be made available through three separate Notices of Funding Availability (NOFAs), one for each specific disaster. The proposed portion of DRI funds which are made available to the three disaster areas is prorated based on the dollar amount of damage which was sustained within each area. The state estimates that the damage caused by all three disasters is approximately \$421,345,324. The damage from the Fire disaster in Southern California was \$282,918,746 which is 67% of the total damage from all three disasters, so the NOFA for the Fire disaster will be 67% of the DRI funds available or \$6,925,770. In the same way, the damage from the earthquake disaster was \$92,417,216 which is 22% of the total damage from all three disasters, so the NOFA for the earthquake disaster will allocate \$2,274,133 of the DRI funds available. The damage from the flooding disaster is estimated at \$46,009,362, which is 11% of the total damage from the three disasters, so the NOFA for the flooding disaster will allocate \$1,137,067 in DRI funds.

### **A. Eligible Applicants**

Under the federal DRI Notice, eligible applicants include cities, counties, and federally-recognized tribes within the counties declared a disaster by the Governor and President pursuant to each of the three disaster declarations. Five counties were listed in the disaster declaration for the fires in Southern California: Los Angeles, Riverside, San Bernardino, San Diego, and Ventura. Two counties were listed in the disaster declaration for the earthquake: Santa Barbara and San Luis Obispo. One county was listed in the disaster declaration for the flooding: San Joaquin.

### **B. Eligible Activities**

All activities funded under the DRI allocation will be CDBG eligible, in accordance with current federal and state regulations. In addition, applicants must document at that least fifty percent (50%) of their funding will pay for activities with at least fifty percent (50%) low income benefit.

### C. Method for Soliciting Applications

The Department will publish and distribute a Notice of Funding Availability (NOFA) to all eligible applicants. One application training session will be held in each disaster area so that applicants can better understand how to submit competitive proposals. The application forms will solicit information regarding:

- a. **Goals:** What problem is the locality seeking to solve with the proposed activity, or has solved and wants reimbursement for eligible costs? The Department will ask for descriptions of the local damage, including quantification of damage by local officials and outside third parties along with documentation that the damage was a direct result of the disaster.
- b. **Objectives:** What specific health and safety problems will be resolved by the proposed activity, or was resolved and reimbursement of costs is needed? How will the proposed expenditure of DRI dollars mitigate remaining health and safety threats?
- c. **Tasks and Local Capacity:** What types of activities are proposed: public assistance, private assistance, or business assistance? What steps will be taken, by whom, to carry out CDBG-eligible activities meeting the stated objectives?
- d. **Budget and Timeline:** What is the status of any other funding resources required to carry out the proposed activity? When will those resources be available and what is the schedule for completing the proposed activity in the term of the DRI grant contract?
- e. **Meeting 50% Low Income Benefit:** How will applicants ensure that at least 50% of the funds expended will be spent for low income benefit? Will the activities be restricted to assisting low income households or persons or will activities be conducted in areas where low income benefit is at or above 51%?

### B. Maximum Grant Amounts

Under the Fire Disaster (FEMA-1498-DR) NOFA, all eligible applicants may apply for up to \$2,000,000. Maximum grant amounts under the Earthquake Disaster (FEMA-1505-DR) NOFA will be \$1,000,000. Under the Flooding Disaster (FEMA-1529-DR), the County of San Joaquin is eligible to apply for the full amount funds under the NOFA as they are the only applicant. In the event there are fewer proposals requesting funds then there are funds available, then the balance of funds will be distributed to the existing applicants evenly.

### E. Matching Funds

No local matching funds are required. If an applicant is proposing to use DRI fund for a public assistance project then it is possible that additional funds would be available under the California Disaster Assistance Act (CDAA). All public assistance activities proposed in DRI applications received will be reviewed for qualification for CDAA funding. The State of California has already provided over seven million dollars in CDAA funds toward eligible disaster relief efforts. These funds document that the DRI match requirement has been met. These funds are not cost share funds or match funds for FEMA or other federal funds provided to the disaster relief efforts.

F. Administration Funds

The State CDBG program will use two percent of the funds to administer the DRI funding. Eligible applicants who are awarded funds will be allowed to use twenty percent of the funds awarded for grant and activity administration. A maximum of two and one half percent of DRI grant funds awarded can be used for general administration costs. Up to the remaining seventeen and one half percent can be used for administration of the proposed DRI activities and State CDBG activity delivery limits in the current state regulations will be followed.

G. Minimizing Relocation and Displacement

All eligible applicants awarded funds will certify that they will comply with the State CDBG program's anti-displacement and relocation assistance plan. In addition, if any proposed activity has the potential to cause displacement of persons, then that grantee will be required to submit a plan to the State for meeting the relocation requirements of persons affected.

H. Application Thresholds

Before beginning rating and ranking, the state will review each application to ensure it was properly approved for submittal by the governing body. It will also be reviewed for the proper low income benefit; fifty percent of the funds must be spent on activities that have a low income benefit level of 51% or greater. Lastly, the state CDBG program will review all applications to ensure the proposed activities are eligible under CDBG regulations and that the proper allocation of funds are made to housing, public, and business assistance will be confirmed.

The applications will also be reviewed by state OES staff who will confirm that the funds requested are for activities which are directly related to the disaster and provide for relief and long term recovery or mitigation of the disaster. OES staff will also verify that the activities being paid for occurred during the term of the disaster declaration. State OES staff will confirm that the funds requested are not eligible for reimbursement under FEMA or SBA and have not already been reimbursed for that activity.

I. Application Scoring

Disaster Relief Initiative dollars will be awarded to applicants pursuant to a competitive scoring process. The two central scoring factors will be: (a) need for the dollars, and (b) readiness to proceed with expending funds. Request for reimbursement of funds already expended are eligible under limited circumstances as described in the NOFA and application.

Specifically, the Department will comparatively evaluate the criticality of the proposed project

including extent of the damage locally, the absence of other available funding, and the health and safety danger posed by the existing problem. In addition, the Department will view projects that are ready to proceed immediately with shorter completion timelines as more competitive.

The Department also may fund applicants at levels below their requested amounts if the Department determines that the State's interest is served by such a reduction. Specifically, if the Department judges that partial funding would principally address the most severe problem while allowing funding of another; equally severe problem elsewhere, the Department may award funds accordingly.

#### J. Grant Awards and Administration and Monitoring

For each of the three NOFAs, the Department will establish a ranked list of applicants and fund down the ranked list until the State's allocation of DRI funds is exhausted.

The Department will retain its ranked list of applicants in case any committed dollars are disencumbered at a later date. The Department will reallocate any disencumbered dollars to the highest ranked application yet to receive funding. If all applicants are funded and additional DRI funds are still available, then the state may go back to the top of the ranked list and inquire if any of the proposed activities in the application need additional funding. Upon documentation that additional funds are needed, the state may award additional funds to the highest ranked application for additional work on their activities.

Following awards, the Department will enter into contracts not to exceed thirty (30) months in duration. The Department will administer DRI grants in the same manner as it administers its general CDBG grants. This process includes issuing a standard grant agreement with special conditions which must be met prior to release of grant funds.

The most important special condition which must be met is completing the environmental review as per the National Environmental Policy Act (NEPA). All the proper NEPA forms and procedures which grantees are to comply with are in the most recent CDBG grant management manual. Grant management and operations will be conducted as described in State regulations (Title 25, Articles 3 and 4, Sections 7080 through 7126) except as superseded by HUD's DRI Notice. In this manner, we will comport with CDBG standards and procedures pursuant to 24 CFR Section 91.330.

Prior to expiration of the standard grant agreement, state staff will monitor each grant recipient for compliance with state and federal overlays. Monitoring checklists in the most recent grant management manual will be utilized and any issues found in the monitoring will be resolved prior to close out of the grant.